



Australian Government

AUSTRAC

FIGHTING
FINANCIAL
CRIME
TOGETHER



2020-
21 REGULATOR
PERFORMANCE
FRAMEWORK

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INITIAL CONTACT POINT

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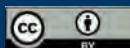
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Regulator Performance Framework

The Regulator Performance Framework was introduced in 2014 as part of the Australian Government's 'Cutting Red Tape' initiative. The framework was implemented to drive the reduction of unnecessary or inefficient regulatory burden on individuals, business and community organisations.

As part of the framework, regulators are required to assess the performance of their efforts to administer regulation fairly, effectively and efficiently. It comprises of six mandatory key performance indicators (KPIs):

KPI 1 Regulators do not unnecessarily impede the efficient operation of regulated entities.

KPI 2 Communication with regulated entities is clear, targeted and effective.

KPI 3 Actions undertaken by regulators are proportionate to the regulatory risk being managed.

KPI 4 Compliance and monitoring approaches are streamlined and coordinated.

KPI 5 Regulators are open and transparent in their dealings with regulated entities.




KPI 6 Regulators actively contribute to the continuous improvement of regulatory frameworks.

Under the framework AUSTRAC is required to annually:

- self-assess its performance against the KPIs
- seek stakeholder validation of its assessment against its KPIs
- publish its self-assessment report.

On 1 July 2021, the Australian Government released its [Regulator Performance Guide](#). The release of the guide signals the end of reporting requirements under the 2014 Regulator Performance Framework, with Commonwealth regulators to report on the performance of their regulatory functions through reporting undertaken under the *Public Governance, Performance and Accountability Act 2013* from 2021-22. This means AUSTRAC's regulatory performance will be assessed against the performance measures it publishes annually in its [Corporate Plan](#) and reported on its [Annual Report](#).

Rating scale

		
Fully achieved	Partially achieved	Not achieved

Executive summary

The Australian Transaction Reports and Analysis Centre (AUSTRAC) is Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regulator. In addition, AUSTRAC performs the function of Australia's financial intelligence unit. This duality of functions enables us to most effectively pursue our vision of a financial system free from criminal abuse.

AUSTRAC recognises the need to balance our ability to fulfil our statutory role and actively contribute to the protection of the Australian community, whilst ensuring we reduce the impost on reporting entities as we do so.

We continue to improve our approach to regulation in response to the evolving environment in which we operate and to the changing needs of our regulated population. This has continued in 2020-21 as AUSTRAC and our partners, both nationally and internationally, adapted to new ways of doing business due to the COVID-19 pandemic.

We continue to value the engagement of our reporting entities and their willingness to work with us to explore ways we can improve the way we conduct our business and efforts to reduce regulatory burden. This report details the activities we have undertaken in 2020-21 to work with industry, government and international partners to continue to enhance our regulatory approach.

Based on our performance this year, we have self-assessed AUSTRAC as having fully achieved against the six KPIs.

AUSTRAC sought external validation of our self-assessment from stakeholders in October 2021. We invited 15 industry associations and bodies who represent a cross-section of our more than 16,000 reporting entities to undertake a survey in relation to AUSTRAC's regulatory performance for 2020-21. The survey provided an avenue for stakeholders to provide feedback and consider whether AUSTRAC's conclusions in the report were reasonable and objective.

The majority of the respondents were supportive of AUSTRAC's self-assessment against the six KPIs. Overall, 9 bodies responded to the survey, with survey responses indicating that:

- 76 per cent of respondents strongly agreed or agreed with our self-assessment, and
- 24 per cent neither agreed or disagreed.

AUSTRAC will continue to work with industry and other partners to reduce regulatory burden and to generate positive outcomes by working together to build a financial system free from criminal abuse.

KPI 1

REGULATORS DO NOT UNNECESSARILY
IMPEDE THE EFFICIENT OPERATION OF
REGULATED ENTITIES

KPI 1

Regulators do not unnecessarily impede the efficient operation of regulated entities



Fully achieved

Supporting activities

Supporting legislative reform to reduce regulatory costs

During 2020-21 AUSTRAC has engaged in policy reform to strengthen the AML/CTF regime and deliver regulatory efficiencies to industry. This included developing Rules to support the implementation of reforms introduced under the *Anti-Money Laundering and Counter-Terrorism Financing and other Legislation Amendment Act 2020*, assented to in December 2020. The Rules, developed in close consultation with industry, addressed legislative reforms to correspondent banking, customer due diligence, reliance on customer identification and verification, and tipping off provisions. To support the legislative reforms, AUSTRAC developed a suite of guidance materials, which involved consultation with key industry areas impacted and released the guidance in parallel with the commencement of the legislative reforms.

AUSTRAC worked with the Department of Home Affairs on the establishment of a Policy Principles period to provide a transition period enabling industry to implement new systems and controls.

AUSTRAC has examined a number of sectors captured under AML/CTF regulation because of the way in which they transfer or remit money to support business activities. These include payroll processing and superannuation clearing houses, and specific types of online market platforms. Proposals being developed to provide regulatory relief to these sectors where appropriate will be finalised during the remainder of 2021.

Supporting activities

Using our exemption powers to provide regulatory relief

AUSTRAC supports reporting entities to comply with their obligations under the *Financial Transactions Reports Act 1988* and the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. However, in some circumstances, AUSTRAC can exempt reporting entities from some of their AML/CTF compliance and reporting obligations.

When assessing exemption applications, AUSTRAC takes into account several factors, including whether:

- the business or organisation covered is at risk of being exploited for money laundering or terrorism financing purposes
- the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* was intended to apply to the particular type of business or organisation when the Act was developed
- the costs and effort of complying would be reasonable compared to the risks the business or organisation faces, and
- the business or organisation would suffer a competitive disadvantage if it was required to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

The number of exemptions granted per year is increasing. In 2020-21, over one third (12) of the 30 exemptions granted involved regulatory relief from s123 of the AML/CTF Act. Known as the “tipping off” provisions, s123 protects suspicious matter reports submitted to AUSTRAC, as well as the information on which the relevant suspicions are based. Exemptions from the tipping off provisions seek to provide protection of the information to avoid prejudice to law enforcement investigations while enabling the reporting entity to undertake actions consistent with its obligations.

Three exemptions involved Crown Resorts entities. These facilitated appropriate disclosure of information to the Perth and Victorian Royal Commissions and state based gaming regulators in respect of their inquiries into Crown, as well as disclosure of information in the context of the shareholder class action.

AUSTRAC also grants exemptions to reporting entities following a request from law enforcement agencies pursuant to Chapter 75 of the AML/CTF Rules. A Chapter 75 notice relieves banks from certain AML/CTF obligations in respect of customers who may be relevant to a law enforcement investigation. Requiring a bank to comply with these obligations may inadvertently alert suspects to law enforcement activity, potentially compromising cases. In 2020-21, AUSTRAC received 74 requests and issued 126 notices under Chapter 75 of the AML/CTF Rules to support law enforcement investigations.

Exemptions granted by AUSTRAC are published on our website at: austrac.gov.au/lists-exemptions-and-modifications-granted.

Supporting activities

Improving the annual compliance report to make it easier and quicker to complete

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, reporting entities are required to lodge an annual compliance report about how they are meeting their obligations.

AUSTRAC approached this year's compliance report through a multi-phase marketing campaign designed to remind REs of the compliance report and encourage participation. 5,277 compliance reports were lodged for the 2020 compliance report, equating to an 82 per cent response rate. This lodgement rate is broadly consistent with the previous two years.

AUSTRAC continues to look at ways to make it easier for reporting entities to complete and submit their compliance report. This includes ongoing engagement with selected reporting entities in relation to their compliance report responses, particularly those who indicated they may have higher risk compliance deficiencies. A number of future opportunities are being explored to further streamline compliance and reduce regulatory overheads for AUSTRAC's reporting entity population.

Further information on how our risk-based approach to regulation helps AUSTRAC avoid impeding the efficient operation of regulated entities can be found under KPI 3.

Validation of our performance

To seek external validation of our results against the six KPI's, we consulted 9 associations who represent our regulated population. In response to KPI 1, the survey responses showed that, 89 per cent of respondents agreed or strongly agreed that 'AUSTRAC's regulatory engagements do not unnecessarily impeded the efficient operation of regulated entities' and 78 per cent agreed or strongly agreed that 'the self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21.'

KPI 2

COMMUNICATION WITH
REGULATED ENTITIES IS CLEAR,
TARGETED AND EFFECTIVE

KPI 2

Communication with regulated entities is clear, targeted and effective



Fully achieved

Supporting activities

Regular outreach and engagement with our reporting entities through published guidance

AUSTRAC has expanded its efforts and priority on providing education and information that is clear and effective. We understand the importance of providing the right resources to enable our regulated entities to comply with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and safeguard themselves and the broader community from money laundering and terrorism financing risks.

During 2020-21, AUSTRAC:

- Published two guidance documents to specifically support Regulatory Technology (RegTech) businesses – these outlined expectations of RegTechs and how other REs can properly engage with RegTechs.
- Updated guidance on beneficial ownership to clarify and respond to issues raised by industry.
- Published a series of scenarios to support the online gaming industry on reporting potential suspicious activity of customers.
- Provided information materials to all South Australian pubs and clubs alerting them to the possible ML/TF risk considerations in response to the introduction of 'ticket in, ticket out' technology.
- Generated specific tailored guidance for mutual banks/mid-tier banks to assist with their threshold transaction reporting and flagging common mistakes to avoid.
- Received strong positive feedback on Suspicious Matter Report (SMR)-related resources shared with reporting entities, including an SMR resource guide, checklist, animation, factsheet and FAQ to clarify the industry's common questions on SMRs.
- Released a series of guides concentrating on areas of regulatory focus, including correspondent banking, IFTIs, governance, risk management and ongoing customer due diligence.
- Published additional guidance to explain AUSTRAC's application of our risk-based approach.
- Generated new and expanded existing guidance in relation to the AML/CTF legislative changes that commenced on 17 June 2021 (page 7 refers).

Supporting activities

Regular outreach and engagement with our reporting entities through published guidance cont.

Through engagement and feedback from industry, AUSTRAC is working on further priority areas of guidance including International Funds Transfer Instructions (IFTIs), AML/CTF programs, source of funds/source of wealth, and the operation of the geographic link.

In February 2021, AUSTRAC initiated an induction program for new businesses enrolling and registering with AUSTRAC. The program delivered 12 sessions to 154 reporting entities in relation to the fundamentals of AML/CTF regulation, risk management and quality transaction reporting.

Informing entities of emerging threats to inform their internal risk assessments and influence reporting behaviour

AUSTRAC risk assessments evaluate the overall money laundering and terrorism financing risk associated with specific sectors or industries based on assessments of the criminal threat environment, the vulnerabilities in the sector, and the consequences associated with the criminal threat.

Risk assessments and other strategic analysis reports are designed to be highly relevant to industry, inform a reporting entity's own risk assessments and underpin their operational strategies and resource allocation. Each risk assessment is produced following direct consultation with a range of reporting entities in the sector being assessed, as well as with industry bodies who represent the relevant sector. By assessing new and emerging money laundering and terrorism financing risks, AUSTRAC's risk assessments help keep our regulated population informed of new and emerging risks posed by threats to the financial system.

In 2020-21, AUSTRAC released the following risk assessments:

Risk Assessment of Junket Tour Operations (JTOs) in Australia was disseminated in December 2020 to industry partners. The purpose of the risk assessment was to provide greater insight into JTOs, and the part they inadvertently play in money laundering operations. JTOs are deemed to be a high risk for money laundering by criminal enterprises, intrinsically presenting multiple vulnerabilities that could be exploited. The risk assessment explains how money is laundered via JTOs and how the illicit funds then enter the banking system. The risk assessment allows REs to understand these vulnerabilities and inform future AML/CTF decision making when dealing with JTOs.

Australia's non-bank lending and financing sector risk assessment was published on the AUSTRAC website in June 2021. The risk assessment pertains to financial institutions that provide loans to customers, but do not hold a banking licence. The risk assessment indicated that these pose a medium risk of money laundering and terrorism financing. Although these REs report to AUSTRAC their smaller size means their AML/CTF frameworks are often not as well developed as larger banking institutions. The purpose of this risk assessment was to provide non-bank lenders an understanding of the threats and vulnerabilities their businesses face from ML/TF activities and how they can improve their internal frameworks.

Supporting activities

Informing entities of emerging threats to inform their internal risk assessments and influence reporting behaviour cont.

A further series of risk assessments on the Banking Sector in Australia will be finalised and published in 2021. Assessments on other industry sectors to be finalised in 2022.

Separate to the industry-based risk assessments, AUSTRAC published three financial crime guides to assist industry's understanding of particular crime risks:

- A guide to combat Australia's **illegal wildlife trafficking trade**, on 8 October 2020;
- A guide released in collaboration with the National Disability Insurance Agency to prevent **fraud against the national Disability Insurance Scheme**, on 8 December 2020; and
- A guide on the dangers of a **money laundering method known as 'cuckoo smurfing'**, on 3 June 2021.

The release of these financial crime guides resulted in an increase in the volume and quality of SMRs relating to these issues.

Validation of our performance

In relation to AUSTRAC's performance against KPI 2, 89 per cent of survey respondents agreed or strongly agreed that 'AUSTRAC's communication with regulated entities is clear, targeted and effective', and 78 per cent of respondents agreed or strongly agreed that 'The self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21.

KPI 3

ACTIONS UNDERTAKEN BY REGULATORS
ARE PROPORTIONATE TO THE
REGULATORY RISK BEING MANAGED

KPI 3

Actions undertaken by regulators are proportionate to the regulatory risk being managed



Fully achieved

Supporting activities

Taking a risk-based approach to regulation and compliance

AUSTRAC's regulated population is comprised of a diverse range of over 16,000 entities and as such their specific risks and their capacity to identify, mitigate and manage risks varies. Accordingly, AUSTRAC employs a risk-based approach to regulation, ensuring that our resources are allocated to best manage money laundering and terrorism financing risks across the Australian financial system, and that our interactions with regulated entities are aligned to their needs and circumstances.

AUSTRAC's approach is risk-based and proportionate—as a given entity's risk exposure and risk management changes, we will vary the mix of regulatory activities in which we engage. This approach allows AUSTRAC to reduce regulatory burden for reporting entities with a proven record of positive compliance activity and demonstrated maturity in managing their own AML/CTF compliance, with reduced supervisory requirements by AUSTRAC. In turn, this allows AUSTRAC to focus on areas of greatest risk and to address the most significant areas of compliance concerns.

In 2020, AUSTRAC conducted 'Know Your Industry' sessions with a large reporting entity, which consisted of a number of presentations from across the entity and open discussion throughout. These sessions were designed to allow the reporting entity to explain their business activities and how they identify, mitigate and manage the ML/TF risks associated with their activities. The sessions allowed AUSTRAC to gain a better understanding of the reporting entity, their business activities and the maturity of their AML/CTF framework. It was also valuable in developing understanding between both parties on key opportunities for the reporting entity to strengthen its AML/CTF framework.

Since October 2020, AUSTRAC has redeveloped its supervision framework to leverage available information sources to strengthen our risk-based approach to supervision, and to provide a framework that more effectively prioritises our supervisory work. This has resulted in supervisory efficiencies due to comprehensive updates being made to Standard Operating Procedures and supporting guidance, as well as through strengthening existing governance arrangements.

Our Vetting team works to identify registration applicants who are considered to present a serious money laundering or terrorism financing risk and to take actions designed to prevent those applicants from becoming registered. This has involved refusing registration applications or taking appropriate administrative action to suspend or cancel registrations within the existing registered population.

Supporting activities

Ensuring enforcement actions are proportionate and tailored

The consequences of poor AML/CTF systems and controls can be very serious. As a result, AUSTRAC may take action against a reporting entity depending on the nature and seriousness of their breaches of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

During 2020-21 AUSTRAC used a range of administrative, compliance, regulatory and enforcement actions to deal with minor and more serious compliance matters:

Refusals and suspensions of registration

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, it is an offence for a business to provide designated remittance or digital currency exchange services without being registered with AUSTRAC. We can refuse, cancel or suspend the registration of remittance service and digital currency exchange providers if they pose an unacceptable risk of ML/TF or other serious crimes. In 2020-21, under the AML/CTF legislation, AUSTRAC:

- refused the registration of 31 REs
- suspended the registrations of 6 REs
- cancelled the registration of 5 REs, and
- imposed conditions in 6 instances.

Supporting activities

Ensuring enforcement actions are proportionate and tailored cont.

Enforcement actions finalised in 2020-21

Civil penalty proceedings against Westpac Banking Corporation

Following Westpac's self-disclosure of their failure to comply with AML/CTF obligations, AUSTRAC sought a civil penalty order in the Federal Court. On 24 September 2020, Westpac agreed to pay a \$1.3 billion civil penalty and AUSTRAC's legal costs. On 21 October 2020, the Federal Court ordered Westpac to pay this penalty and AUSTRAC's legal costs. Justice Beach accepted that a substantial penalty would be required to ensure general deterrence amongst other entities.

Significantly, in reaching the agreement, Westpac admitted to the following:

- contravening the AML/CTF Act on over 23 million occasions;
- failing to properly report over 19.5 million International Funds Transfer Instructions (IFTIs) amounting to over \$11 billion dollars to AUSTRAC;
- failing to pass on information relating to the origin of some of these international funds transfers, and to pass on information about the source of funds to other banks in the transfer chain, which these banks needed to manage their own ML/TF risks;
- failing to keep records relating to the origin of some of these international funds transfers;
- failing to appropriately assess and monitor the risks associated with the movement of money into and out of Australia through its correspondent banking relationships, including with known higher risk jurisdictions;
- failing to carry out appropriate customer due diligence in relation to suspicious transactions associated with possible child exploitation.

These admissions are significant in providing confidence in Westpac's intention and ability to comply with its reporting obligations in the future.

The penalty ordered by the Federal Court of Australia is the largest civil penalty imposed in Australian history and reflects the seriousness of Westpac's actions. The negotiated and agreed upon settlement demonstrates AUSTRAC's approach of working collaboratively with industry to support the financial system and keep it free from exploitation.

Infringement notice issued to State Street Bank and Trust Company

On 16 September 2020, AUSTRAC issued an infringement notice to State Street Bank and Trust Company. AUSTRAC alleged that, on 99 occasions, State Street Bank and Trust had failed to report international funds transfer instructions in or out of Australia within 10 business days of the instruction being received. The infringement notice totalled \$1.247 million and reflects AUSTRAC's ability to take enforcement action which is prompt and appropriate to the nature and extent of the non-compliance.

Supporting activities

Ensuring enforcement actions are proportionate and tailored cont.

Remedial direction issued to Australian Military Bank

In May 2021, AUSTRAC issued a remedial direction to Australian Military Bank Ltd requiring the bank to review and uplift its compliance with Australia's AML/CTF laws. The direction aims to ensure that the Bank, with external assistance, complies with its AML/CTF obligations and addresses the risks that criminals may pose to the business. A media release issued by AUSTRAC on this matter was viewed 2,122 times with 1,873 unique views. Given the broad level of interest in the announcement, we anticipate the remedial direction will have a deterrent effect on the mutual bank sector. AUSTRAC has not previously taken enforcement action against smaller authorised deposit-taking institutions (ADIs) for systemic AML/CTF non-compliance.

Supervisory Activity commenced in 2020-21

Appointment of an external auditor to Afterpay

On 12 June 2019, AUSTRAC ordered the appointment of an external auditor to Afterpay Australia Pty Ltd (Afterpay) to examine its compliance with the AML/CTF Act.

On 14 October 2020, AUSTRAC finalised the result of the external audit finding that Afterpay had improved its AML/CTF policies and had completed all necessary remediation to ensure compliance, and as such, no further action would be undertaken by AUSTRAC. The appointment of the external auditor to Afterpay also demonstrated the critical importance of ensuring that systems and controls that are in place to identify, mitigate and manage money laundering and terrorism financing risks evolve commensurate to the business.

Validation of our performance

In relation to AUSTRAC's performance against KPI 3, 67 per cent of survey respondents agreed or strongly agreed that 'In general, actions taken by AUSTRAC are proportionate to the regulatory risk being managed', and 78 per cent of respondents agreed or strongly agreed that 'The self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21.'

KPI 4

COMPLIANCE AND MONITORING
APPROACHES ARE STREAMLINED
AND COORDINATED

KPI 4

Compliance and monitoring approaches are streamlined and coordinated



Fully achieved

Supporting activities

Using data to monitor existing reporting entities on compliance

Taking a risk-based approach to the management of instances of potential non-compliance is essential. Our regulatory triage process has enabled AUSTRAC to more efficiently make consistent, transparent decisions on compliance matters. The process ensures that regulatory matters that involve non-compliance are centrally received, recorded, assessed and escalated before being reviewed by a cross-agency board. This allows AUSTRAC to be more timely in our response to risks and non-compliance in our regulated population.

During 2020-21 the use of 28 monitoring profiles by AUSTRAC's Intelligence Division to detect potentially criminal behaviour from transaction data reported also supported the identification of non-compliance by REs. This has enabled remediation of non-compliance through engagement between AUSTRAC and the relevant REs. AUSTRAC's Regulation, Education and Policy Division also makes use of monitoring profiles to proactively identify potential non-compliance. For example, during the reporting period, the Regulatory Operations branch assessed 1,592 monitoring alerts, in accordance with its standard procedure for assessing and responding to actual or potential non-compliance. As a result of this, AUSTRAC issued 356 warning letters to REs and escalated 22 matters for further assessment.

The use of regulatory monitoring profiles also resulted in more than 260 REs being removed from the Reporting Entity Roll, ensuring the integrity of the reporting roll.

Supporting activities

Improving our vetting systems for quicker registration processes

AUSTRAC continued to find efficiencies in onboarding and managing RE registrations. This includes updating Standard Operating Procedures and forms, mapping workflows for all team functions, developing new monitoring profiles, and implementing changes resulting from the Strengthening Registration Working Group.

AUSTRAC's Vetting team reviewed existing alerts and watch-lists in the AUSTRAC Relationship Management System (ARMS) discovering 1,200 redundant alerts. As part of our continual monitoring and review of existing alerts, many of these alerts have been removed, and new Standard Operating Procedures on alerts and watch-list procedures developed. We continue to work on an additional 12 monitoring profiles and future SOPs to manage these registration queues. We will also look to update systems and enhancements to incorporate the enhanced registration model.

Between April and June 2021, AUSTRAC completed an enhanced registration pilot program. The pilot was used to test an enhanced registration model that will expand the factors AUSTRAC will consider in assessing whether it is appropriate to register a remittance service provider or digital currency exchange service provider. We have ongoing engagement with several remittance network providers to understand the challenges faced by their affiliates and to streamline and increase efficiencies. A final evaluation report with the findings of this pilot detailing the key ML/TF risks, trends, challenges and key recommendations will be prepared for consideration and adoption by AUSTRAC in 2021-22.

Validation of our performance

In relation to AUSTRAC's performance against KPI 4, 78 per cent of survey respondents agreed that 'AUSTRAC's compliance and monitoring approaches are streamlined and coordinated', and 67 per cent of survey respondents agreed that 'the self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21'.

KPI 5

REGULATORS ARE OPEN AND
TRANSPARENT IN THEIR DEALINGS
WITH REGULATED ENTITIES

KPI 5

Regulators are open and transparent in their dealings with regulated entities



Fully achieved

Supporting activities

Enabling open conversations with the community and industry to build awareness

To further educate REs on the critical importance of reporting accurate, timely and informative SMRs, AUSTRAC undertook a SMR campaign in April 2021. As SMRs form the backbone of AML/CTF reporting, improvements in SMR reporting allow AUSTRAC and law enforcement partners to accurately detect financial crime, and disrupt criminal abuse of the financial system. AUSTRAC published reference guides, typologies, and key words were distributed to members of the Fintel Alliance, enabling changes in how REs write SMRs. The finalisation of the campaign is currently ongoing, with an analysis on the changing quality of SMR reporting to be conducted during the next reporting period.

AUSTRAC also communicated through a number of external channels, utilising alternative communication methods such as AUSTRAC InBrief, email and social media campaigns. InBrief, which is AUSTRAC's quarterly newsletter produced specifically for REs, has quadrupled in readership since the first edition in December 2020 (1,727 subscribers as at 31 October 2021). AUSTRAC InBrief has received strong engagement with an average 42.19 per cent open rate and 17.10 per cent click through rate which compares favourably with the government benchmark of 31 per cent open rate and 5.5 per cent click through rate.

AUSTRAC is currently planning several campaigns for 2021-22 to support REs in strengthening their AML/CTF frameworks and alert them to new and emerging financial crime risks.

Supporting activities

Providing regulatory insights to reporting entities and forums

The data AUSTRAC collects through its role as Australia's AML/CTF regulator is an important source for discovering new and emerging risks to the financial system. As part of our proactive regulatory approach, AUSTRAC engages heavily with reporting entities but also government partners to share these regulatory insights.

AUSTRAC also shares regulatory insights with domestic and international counterparts through various working groups, taskforces and forums. AUSTRAC attended quarterly meetings with AML/CTF regulators from Canada, New Zealand, the United Kingdom and the United States to enhance the sharing of approaches, guidance and other developments with the aim of building each of our regulatory capabilities.

AUSTRAC also held ad-hoc discussions with several international counterparts in order to understand their regulatory approach towards specific issues and/or entities of interest to AUSTRAC. Information obtained from this engagement has been used to inform AUSTRAC's own regulatory approach.

Sharing and collaboration through Fintel Alliance

The Fintel Alliance is AUSTRAC's public-private partnership which undertakes operations in support of national intelligence priorities. The Fintel Alliance is made up of 29 government and public sector members, including major banks, remittance service providers and gambling operators. The partnership allows for dynamic information sharing of emerging trends and threats in the financial system among members and the wider reporting population.

During 2020-21 the Fintel Alliance established the Tax Crime and Evasion Working Group and Trade-Based Money Laundering Working Group. The insights determined from these groups have resulted in increased feedback to reporting entities, higher quality reporting data, and recognition of criminal activity. This feedback has included informing AUSTRAC where financial intelligence has influenced decision making.

Fintel Alliance partners are provided feedback on Fintel Alliance operations and activities on an ongoing basis. For reporting entities, this feedback is often used to inform and improve their reporting behaviours and compliance programs, further supporting resilience in the financial system.

Supporting activities

Transparent in reporting our performance

AUSTRAC is transparent in reporting on its performance publically through the publication of corporate documents on our website each year. Together these documents, including our [corporate plans](#), Portfolio Budget Statements and [annual reports](#), provide a clear read of agency performance.

The AUSTRAC Annual Report 2020-21 reports on the activities of the agency, including our corporate governance, financial performance and risk management over the financial year, providing accountability to Parliament and the wider community. The annual performance statement, included in the annual report, reports on the achievements over the year against our purpose and performance measures as outlined in the Corporate Plan 2020-24.

In line with legislated deadlines, the AUSTRAC Corporate Plan 2021-25 was published online on 31 August 2021 and the AUSTRAC Annual Report 2020-21 was available on 19 October 2021 following its tabling in Parliament.

Validation of our performance

In relation to AUSTRAC's performance against KPI 5, 78 per cent of survey respondents agreed or strongly agreed that 'AUSTRAC is open and transparent in dealings with regulated entities', and 89 per cent agreed that 'the self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21.'

KPI 6

REGULATORS ACTIVELY CONTRIBUTE
TO THE CONTINUOUS IMPROVEMENT
OF REGULATORY FRAMEWORKS

KPI 6

Regulators actively contribute to the continuous improvement of regulatory frameworks



Fully achieved

Supporting activities

Enhancing the AML/CTF capability of consultants and RegTechs

AUSTRAC remains committed to developing the capability of third-party organisations who support our broader regulated population to meet their compliance obligations with efficiency and ease.

During 2020-21, AUSTRAC has published multiple guidance products on the AUSTRAC website tailored specifically to consultants, such as AML/CTF advisors and RegTech (regulatory technology) organisations. Tailored guidance provided and outreach and engagement undertaken with these organisations this year included:

- Publication of two guidance products to support engagement with RegTech businesses—one outlining our expectations of RegTechs and the other for reporting entities to assist them on key areas to consider when engaging a RegTech.
- Conference presentations were delivered on nine occasions to an audience of approximately 1,400 RE employees, legal advisers, AML consultants and RegTechs.
- One on one sessions were held with seven RegTech businesses and five AML advisers to support business in understanding AML/CTF obligations.

Throughout the year an additional 18 outreach engagements were conducted with industry associations and AML/CTF focussed events which provided information to in excess of 4,500 participants. More focussed engagements were facilitated through 78 one to one sessions with reporting entities, RegTechs, AML/CTF advisers, industry associations and partner regulators.

Sharing lessons with international partners

AUSTRAC continues to share our learnings and regulatory approaches with international partners by actively participating in various working groups and forums. In 2020-21 AUSTRAC held discussions with several international counterparts to understand their regulatory approach towards remitters and DCEs. This included the Malaysian FIU, the Monetary Authority of Singapore, Canada's FINTRAC, the UK's Financial Conduct Authority and the USA's FINCEN. The knowledge gained from this engagement was used to design AUSTRAC's enhanced registration model.

During the year AUSTRAC delivered 143 training courses. These courses included the Financial Intelligence Analyst Course modules, open source intelligence training, and AML/CTF Act Phase 1.5 amendments training. Training was via face-to-face and online due to COVID-19. These courses were delivered across Australia and overseas to 1,200 employees from AUSTRAC, law enforcement, industry and international FIUs.

Validation of our performance

In relation to AUSTRAC's performance against KPI 6, 78 per cent of survey respondents agreed that 'AUSTRAC actively contributes to the continuous improvement of regulatory frameworks,' and 67 per cent agreed that 'the self-assessment report accurately represents AUSTRAC's performance against this KPI for 2020-21.'



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